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Nineteen charged with faking auto insurance

LOUISVILLE, Ky. (July 26, 2000) - Nineteen Louisville residents face felony charges in connection with fake proof-of-insurance documents presented to the Jefferson County Clerk's Office to secure vehicle registration, Insurance Commissioner George Nichols III announced today.

The suspects apparently tried to get around insurance requirements by making do-it-yourself alterations of legitimate documents or by creating or buying bogus proof-of-insurance documents. No common source for the documents has been identified. No insurance agents are implicated in these cases.

The charges stem from Operation Fake ID, an investigation being conducted by the Insurance Fraud Investigation Division of the Kentucky Department of Insurance.

Operation Fake ID grew out of a referral from Crime Stoppers in Jefferson County. The initial case involved an insurance agency employee providing a friend with a fake auto insurance card. While working on this case, fraud investigators received additional referrals from the County Clerk's Office and insurance companies leading to charges against 19 additional individuals.

The 19 suspects have been charged a combined total of 36 counts:

- 18 counts of criminal possession of a forged instrument in the second degree, a Class D felony;
- 8 counts of violation of the Fraudulent Insurance Act involving a premium cost that would have been more than \$300 if legitimate coverage had been obtained, Class D felony;
- 9 counts of violation of the Fraudulent Insurance Act, involving premium cost that would have been less than \$300, Class A misdemeanor; and
- 1 count of involving forgery in the second degree, a Class D felony.

Some of the suspects have previous criminal histories.

The penalty for a Class D felony is one to five years in jail and/or a \$1,000-\$10,000 fine and for a Class A misdemeanor, up to a year in jail and/or an up to \$1,000 fine.

Joe Cohen, director of the state Insurance Fraud Investigation Division, said that in addition to criminal investigations, the Department of Insurance is going to combat this type of insurance fraud through educational efforts including distribution of mini-posters to county clerks for display. The posters will warn that "Presenting false documents to the county clerk is a crime."

"Higher premiums and costs of goods are passed on to consumers due to insurance fraud. Many of us also directly pay higher premiums for insurance coverage to protect us against the uninsured motorist," said Cohen.

To register a vehicle in Kentucky, the owner must have at least minimal insurance coverage. That means either "25/50/10 coverage" (\$25,000 maximum total for bodily injury coverage per person/ \$50,000 maximum total for bodily injury coverage per accident/\$10,000 limit on property damage) or a \$60,000 combined single-limit policy for both bodily injury and property damage plus "no-fault" coverage for the driver and any passengers.